Clearance of FDI in construction of commercial properties, shopping malls and hotels

2317. SHRIMATI JAMANA DEVI BARUPAL:

DR. T. SUBBARAMI REDDY:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have cleared FDI in construction of commercial properties, shopping malls and hotels;

(b) whether FDI up to the 100 per cent is proposed to be allowed in these commercial properties;

(c) if so, what are the main details of the proposed decision taken in this regard; and

(d) to what extent this decision will help construction industry and whether this decision will also provide opportunities of jobs in construction works in the country?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN): (a) to (d) Foreign Direct Investment up to 100% under the automatic route is now permitted for development of townships, housing, built-up infrastructure and construction-development projects. Detailed guidelines, notified *vide* Press Note 2(2005 Series), *Inter alia,* include the requirement of developing under each project a minimum area of 10 hectares in the case of development of serviced housing plots, and/or a minimum built up area of 50,000 sq.mts. in the case of construction-development projects. The minimum capitalisation would be US$10 million for a wholly owned subsidiary, and US$5 million for joint ventures with Indian partners. This decision is aimed at accelerating the growth of the construction sector and expansion of built up infrastructure, which would have a multiplier effect on the economy and lead to spin off benefits to manufacturing sector, particularly construction material industries like cement, steel and brick-making. Being an employment intensive sector, it would create employment not only for skilled and unskilled labourers, technicians and artisans but also for engineers, architects and designers.